

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

RE: COMPLAINT OF US LEC OF)
TENNESSEE, INC. AGAINST ELECTRIC)
POWER BOARD OF CHATTANOOGA)

Docket No. 02-00562

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TN REGULATORY AUTHORITY
DOCKET ROOM

**DISCOVERY REQUEST OF US LEC OF TENNESSEE, INC.
TO ELECTRIC POWER BOARD OF CHATTANOOGA**

US LEC of Tennessee Inc. ("US LEC") requests that the Electric Power Board of Chattanooga ("EPB"), answer each of the following interrogatories. These interrogatories are continuing in nature and Rule 26 of the Tennessee Rules of Civil Procedure requires you to seasonably supplement your responses to these interrogatories.

I. Preliminary Matters and Definitions.

The term "identity" or "identify" as used herein, with respect to any person, means to provide the name, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to any other entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the identity of the author or preparer of the document, the type of document (e.g., letter, memorandum, tape recording, etc.), the substance of the contents of the document, the title (if any) of the document, and the present or last-known location and custodian of the document and any copies thereof.

The term "document," as used herein, means any medium, including computers or other electronic media, upon which intelligence or information can be recorded, stored and/or retrieved, and includes, without limitation, the original and each copy, regardless of origin or

location, of any book, record, report, statement, diary, notes, audiotape, videotape, computer disk, computer tape, computer printout, electronic or voice mail message, pamphlet, periodical, letter, memorandum (including memorandum, note or report of a meeting or conversation) or any other written, typed, reported, transcribed, punched, taped, filmed, electronic or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was but is no longer in your possession, custody or control. "Document" shall include all copies of documents by whatever means made, including any non-identical copies (whether different from the original because of handwritten notes, underlining, blind carbon copy, or otherwise) and drafts of documents.

The term "relating to" or "relates to," as used herein, means evidencing, supporting, contradicting, constituting, containing, recording, discussing, summarizing, analyzing, disclosing, referring to in whole or in part, or otherwise pertaining to in any way.

The term "EPB Telecommunications" refers to the telecommunications division of EPB. For purposes of framing your responses to these interrogatories, the singular should be read to include the plural and vice versa.

With respect to each of the following interrogatories, in addition to supplying the information requested, please identify any and all documents that support, refer to, or evidence the subject matter of each interrogatory in your answers thereto. If any or all of the documents identified herein are no longer in your possession, custody or control because of destruction, loss, or other reason, then you are requested to identify each such document fully, including the nature and type of the document, its date, the identity of the person who prepared the document, and the identity of the person or entity for whom it was prepared, and to the extent possible, you are requested to summarize the contents of the document and state the manner and date of the

disposition thereof. If any of the requested documents are objected to or not produced on the basis of privilege, please include in your response to production, for each document, a written statement evidencing:

- a. The nature and type of the document;
- b. The date;
- c. The author of the document;
- d. The recipient;
- e. The sender; and
- f. A brief description of the contents sufficient to allow the TRA to rule on a motion to compel.

Consistent with the preceding definitions and preliminary matters, answer under oath the following specific interrogatories:

II. Interrogatories

1. Provide copies of all documents, (specifically including but not limited to any business plans, cost analysis, and/or market analysis) concerning EPB's decision to enter the telecommunications business, and to form EPB Telecommunications.

Response:

2. Please provide an organizational chart or other documents detailing the organizational structure of EPB, specifically including EPB Telecommunications place in the corporate structure.

Response:

3. Please describe EPB Telecommunications relationship to the other divisions of EPB, including, but not limited to, allocation of company expenses, use of facilities, use of personnel division of overhead and use of company owned property (such as vehicles, maintenance equipment, etc.)

Response:

4. Please identify all existing sources of financing for EPB Telecommunications, including all amounts secured since its inception. In your response, please identify any lines of credit, loans or other financing backed, supported or arranged by EPB.

Response:

5. Please describe the source of the funds EPB has invested or intends to invest in EPB Telecommunications or in the future.

- (a) Explain how those funds are now being used by EPB.
- (b) Explain whether and how EPB will be able to recoup those funds should EPB Telecommunications fail.

Response:

6. Please describe in full the accounting procedures that EPB has adopted to insure compliance with T.C.A. §§7-52-402 and 7-52-103(d) and/or to prevent cross-subsidization of EPB Telecommunications.

Response:

7. Does EPB Telecommunications maintain separate property liability, employment or workers' compensation insurance? If so, please provide copies of each insurance policy maintained by EPB Telecommunications. If not, please describe how costs for such insurance is allocated to EPB Telecommunications.

Response:

8. Provide a copy of any accounting rules, including any cost allocation manual, adopted by EPB or EPB Telecommunications for the purpose of compliance with T.C.A. §§7-52-103(d) and 7-52-402, and/or to prevent cross-subsidization of EPB Telecommunications.

Response:

9. Please provide copies of all leases between EPB Telecommunications and EPB regarding plant assets or equipment. For each lease, please explain how the lease is calculated.

Response:

10. Please provide copies of all internal audit reports prepared by EPB to assure compliance with the Second Revised Proposed Conditions attached to US LEC's Complaint as Exhibit A. In your response, please identify all auditors who assisted with the preparation of each audit, how the audits were maintained what (if any) third parties have reviewed the audits and the methodology used (where not apparent) to perform the audit.

Response:

11. Are you and EPB Telecommunications abiding by the accounting safeguards approved by the TRA for you (Docket No. 97-07488)? If not, please explain.

Response:

12. Please provide copies of all joint marketing brochures, advertisements and any other joint marketing materials for EPB and EPB Telecommunications or marketing materials related solely to EPB Telecommunications. Specifically include copies of relevant website pages (including links), industry related materials and direct mail solicitations.

Response:

13. Please provide copies of all requests for information you have received from the TRA since EPB Telecommunications was formed.

Response:

14. Please provide copies of all statements detailing EPB's compliance with the Code of Conduct. Please explain why copies of the statements have not been filed with the TRA.

Response:

15. Does EPB allow EPB Telecommunications to use its poles, rights of way, conduits, building entrance facilities, easements or any other instrumentalities or devices of EPB to run telecommunication lines or otherwise assist it in providing telecommunications services. If so, please describe each such use and the corresponding charges to EPB Telecommunications.

Response:

16. Provide a copy of all contracts between EPB and parties to which it provides telecommunications services

Response:

17. Does EPB provide other CLECs the right to use its poles, rights of way, conduits, building entrance facilities, easements or any other instrumentalities or devices of EPB to run telecommunication lines? If so, please describe such use and the corresponding charges to the CLECs.

Response:

18. Does EPB Telecommunications obtain any support services from EPB? If so, please describe in detail the accounting treatment of those services by EPB Telecommunications and by EPB?

Response:

19. Describe in detail EPB's or EPB Telecommunications relationship with MetroNet or any MetroNet related entity, specifically including whether there is any common ownership, employment. Also provide copies of any contracts evidencing a business relationship between EPB, EPB Telecommunications and MetroNet and/or related entities.

Response:

20. Has EPB offered discounts or other incentives (whether related to telecommunications or other services) to its existing customers to obtain service from EPB Telecommunications.

Response:

21. Has EPB allowed EPB Telecommunications to run telecommunications lines into the buildings of EPB's existing customers without seeking approval or obtaining an easement or right of way from the building owner? If so, please identify each instance where such has occurred, the identity of the customer and the corresponding charge to EPB Telecommunications.

Response:

22. Please describe all procedures currently in place to assure that customer information from EPB is not provided to EPB Telecommunications. In your description, specifically indicate how this information is stored, and what safeguards protect this information from EPB Telecommunications.

Response:

23. Please provide copies of the intracompany receivables and payables for EPB and EPB Telecommunications since the creation of the telecommunications division.

Response:

24. Please provide copies of the external receivables and payables for EPB Telecommunications. Please describe how EPB's Telecommunications' receivables and payables are fully segregated from EPB's receivables and payables.

Response:

25. Please produce copies of all documents indicating the existence of intracompany loans between EPB and EPB Telecommunications since 1997.

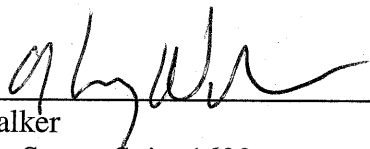
Response:

26. Please provide a list of all customers common to EPB and EPB Telecommunications. For each customer, indicate the date service began and the average monthly charges to each customer.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: _____


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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document has been forwarded
via U.S. Mail, postage prepaid, on this 29th day of August 2002 to:

William C. Carriger, Esq.
Mark W. Smith, Esq.
400 Krystal Bldg.
One Union Square
Chattanooga, TN 37402-2514

